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UNCLAS HARARE 002268

SIPDIS

STATE FOR AF/S
NSC FOR SENIOR AFRICA DIRECTOR JFRAZER
USDOC FOR 2037 DIEMOND
TREASURY FOR OREN WYCHE-SHAW
PASS USTR FLORIZELLE LISER
STATE PASS USAID FOR MARJORIE COPSON

[E](#). O. 12958: N/A

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SUBJECT: 2004 budget: Quick Readout

Yesterday's 2004 budget announcement is more remarkable for what it omits than includes. On almost every significant issue - particularly devaluation and anti-inflation measures - Finance Minister Herbert Murerwa punts the ball to incoming Reserve Bank Governor Gideon Gono, who will issue his own policy statement in mid-December. Murerwa said the GOZ "will rigorously implement fiscal and monetary stabilization measures," but did not spell any out in the 139-paragraph prepared text. The GOZ did not even venture an inflation projection, only that it would "dissipate . . . in response to [unspoken] monetary and fiscal measures to be implemented in 2004." Murerwa did forecast negative 2004 growth of 8.5 percent, down from 13.2 percent this year, and raise the tax threshold to account for bracket creep - a no-brainer given the current inflation rate. We will provide a more detailed budget analysis next week.

Sullivan